

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4752-01
Bill No.: HB 1871
Subject: Agriculture and Animals; Environmental Protection; Agriculture Dept.; Business and Commerce
Type: Original
Date: February 22, 2010

Bill Summary: Requires composting facilities to register with the Department of Natural Resources.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Solid Waste Management Fund	\$13,000	\$13,000	\$13,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$13,000	\$13,000	\$13,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture, Department of Revenue and State Treasurer's Office** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Natural Resources (DNR)** assume Section 260.251.2 through .6 of this proposal would require all composting facilities in operation as of August 28, 2010, to register with the Department of Natural Resources within 60 days of the effective date of this proposal. Composting facilities commencing operations after August 28, 2010, would be required to register with the Department prior to accepting or composting any organic material. The registration must be renewed annually and must include documentation showing that the facility is not delinquent on any federal, state, or local taxes as well as evidence from the Secretary of State that it has authority to conduct business in Missouri.

Section 260.251.3 would require the Department to maintain a registry of all facilities in the state and collect a specified fee based on the facility's acreage. All fees must be deposited into the Solid Waste Management Fund and used for activities of the Solid Waste Management Program. Municipally owned composting facilities would be exempted from paying the fee.

Section 260.251.4 would require each facility to file an annual report with the Department with specified information and any other information that the Department may require.

This proposal would require a program expansion as the Department does not currently register, maintain a registry, accept documentation, require an annual report, or collect a fee from composting facilities. (Note: Certain facilities are currently required to obtain water, solid waste, or other environmental permits based on the quantity of material, types of material, size of the facility or their potential for impact to public health or the environment.)

The number of known municipally owned/operated composting facilities compared to known privately operated facilities (nearly 3 to 1) suggests the costs related to the program expansion required by the proposed legislation would most likely not be sufficient to cover the estimated costs to administer the composting program. The Department assumes we would be required to receive registrations, review documentation of "good standing" and currency of tax payments, and analyze the annual reports of municipally owned/operated composting facilities with an exemption being provided to these facilities so no fees would be paid by them. Again, it appears as written the proposed legislation would increase costs to the Department without providing a sufficient revenue stream to cover such costs. Currently, Solid Waste Management Funds (SWMF) are experiencing funding challenges. All SWMF are allocated and the Department has

ASSUMPTION (continued)

no other funding source to pay for these activities. The program has had to reduce services which would make it difficult to absorb any additional responsibilities without additional resources. Therefore, the Department has quantified the anticipated ongoing fiscal impact.

During the 2008 Solid Waste Management District Assessment Inventory, 16 privately owned composting facilities were identified. The size of these facilities was not provided as part of the inventory. Based on the knowledge of the facilities and a conservative estimate on the remaining facilities, the Department assumed that two of the facilities would pay \$2,500 or a total of \$5,000, two of the facilities would pay \$1,000 or a total of \$2,000 and the remaining twelve facilities would pay \$500 or a total of \$6,000. The total revenue generated from fees from these types of composting facilities was estimated at \$13,000.

Oversight assumes that any potential costs arising from this proposal can be absorbed with existing resources. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Officials at the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal not to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's Office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
SOLID WASTE MANAGEMENT FUND			
<u>Revenue</u> - Department of Natural Resources			
Compost Facility Fees	<u>\$13,000</u>	<u>\$13,000</u>	<u>\$13,000</u>
ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT FUND	<u>\$13,000</u>	<u>\$13,000</u>	<u>\$13,000</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

Yes. This proposal could affect small businesses operating compost facilities. These entities would be required to register, provide documentation of good standing and documentation of current tax payment, provide an annual report and pay a registration fee under the proposed legislation.

FISCAL DESCRIPTION

This bill requires that all composting facilities in operation as of August 28, 2010, to register with the Department of Natural Resources within 60 days of the effective date of the bill. Composting facilities commencing operations after August 28, 2010, must register with the department prior to accepting or composting any organic material. The registration must be renewed annually and must include documentation showing that the facility is not delinquent on any federal, state, or local taxes as well as evidence from the Secretary of State that it has authority to conduct business in Missouri.

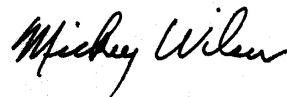
The department must maintain a registry of all facilities in the state and collect a specified fee based on the facility's acreage. All fees must be deposited into the Solid Waste Management Fund and used for activities of the Solid Waste Management Program. Municipally owned composting facilities will not be required to pay a fee.

Each facility must file an annual report with the department with specified information and any other information that the department may require.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue
Secretary of State's Office
State Treasurer's Office
Department of Natural Resources



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Director
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